

Message Text

PAGE 01 STATE 010551
ORIGIN XMB-04

INFO OCT-01 EA-07 ISO-00 EB-07 COME-00 TRSE-00 AID-05
CIAE-00 INR-07 NSAE-00 (ISO) R

DRAFTED BY XMB:LESLIE A.WOLFE
APPROVED BY EB/IFD/ADP FRANK.H.THOMAS
XMB:CHARLES E.HOUSTON
DAVID O. BEIM
EA/TBLUCIENROCKE

-----180426Z 074102 /73

R 172109Z JAN 77
FM SECSTATE WASHDC
TO AMEMBASSY BANGKOK

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E.O. 11652; N/A
TAGS: BEXP, TH
SUBJECT: THAI PULP PROJECT (TPP)

REF: BANGKOK 0621

1. REPLYING REFTTEL, EXIM PRELIMINARY COMMITMENT TO COMBUSTION ENGINEERING TO SUPPORT DOLS 2 MILLION FOR TPP PROJECT COSTING COLS 25 MILLION TOTAL WAS DENIED WITHOUT PREJUDICE AS PREMATURE PENDING FURTHER DEVELOPMENT OF FINANCIAL PACKAGE. INFORMATION SENT DECEMBER 27 FROM THAILAND WAS RECEIVED EXIM JANUARY 4 AND SHOWS TPP TO BE TOTALLY NEW PROJECT WITH PAID IN CAPITAL OF ONLY DOLLARS 100 THOUSAND AND LESS THAN 10 PERCENT OF FINANCING COMMITTED. MARKET RESEARCH INFORMATION OF RECORD WITH EXIM FURTHER INDICATES DOUBT AS TO ADEQUACY OF MARKET TO ABSORB OUTPUT. EMBASSY MAY WISH TO COMMENT.

2. TO INITIATE REVIEW, EXIM SHOULD BE ADVISED (Q) SOURCES OF BALANCE OF EQUITY, () NAMES AND ADDRESSES OF LENDING
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INSTITUTIONS COMMITTED TO PROJECT, (3) HOW AND BY WHOM REPAYMENT WILL BE GUARANTEED AND (4) PRIORITY ASSIGNED PROJECT BY RGT.

3. LESLIE WOLFE, EXIM LOAN OFFICER FOR THAILAND EXPECTS ARRIVE THAILAND VIA KOREA AIRLINES FLIGHT 601 AT 2145 HOURS FEBRUARY 11, 1977. REQUEST EMBASSY MAKE RESERVATION AT SIAM INTERNATIONAL HOTEL. SUGGEST DISCUSSIONS CONTINUE AT THAT TIME. KISSINGER

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ORIGIN EB-02

INFO OCT-01 AF-02 ISO-00 /005 R

66011

DRAFTED BY EB/IFD/ODF:RDKAULARICH:BD

APPROVED BY EB/IFD/ODF:JABWINDER

AF/EPS:RDUNCAN(SUBS)

-----050324Z 074290 /64

R 050057Z JAN 77

FM SECSTATE WASHDC

TO AMEMBASSY KHARTOUM

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FOL REPEAT STATE 310551 ACTION ABU DHABI BANGKOK
BUENOS AIRES CARACAS COLOMBO CONAKRY DACCA JAKARTA
LAGOS MANAGUA MEXICO NEW DELHI GENEVA DTD 3 JAN.

QUOTE

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FOLLOWING REPEAT STATE 310551 ACTION ALOECD JIDDA KUWAIT TEHRAN
INFO CAIRO OECD/PARIS JIDDA KUWAIT USUN 24 DEC 76 QUOTE

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E.O. 11652: GDS

TAGS: EAID, EFIN, EAGR

SUBJECT: INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
(IFAD): SITE AND PRESIDENCY

1. NOW THAT THE ARTICLES OF AGREEMENT FOR IFAD HAVE BEEN

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OPEN FOR SIGNATURE, THE PROCESS OF RATIFICATION CAN BEGIN.
IN OUR JUDGEMENT, IT IS ESSENTIAL THAT BEFORE THIS PROCESS
IS COMPLETED A CONSENSUS BE REACHED AMONG THE MAJOR DONORS
ON THE RELATED ISSUES OF A SITE AND A PRESIDENT FOR IFAD.

2. WE FIRMLY BELIEVE THAT THERE ARE TWO BASIC PRINCIPLES
WHICH SHOULD GUIDE THE IFAD MEMBERS IN THEIR SELECTION OF
A PERMANENT SITE AND PRESIDENT. THE FIRST PRINCIPLE IS
THAT EACH SHOULD BE CHOSEN WITH A VIEW TOWARDS MAXIMIZING

THE EFFICIENCY OF IFAD'S OPERATION. WITH REGARD TO THE PERMANENT SITE, THE APPLICATION OF THIS PRINCIPLE IMPLIES THAT THE MAJOR CONSIDERATION IN SELECTING THE SITE WOULD BE ITS COMPATIBILITY WITH THE OBJECTIVE THAT IFAD SHALL HAVE A VERY LIMITED STAFF AND THEREFORE MUST ESTABLISH A CLOSE WORKING RELATIONSHIP AND GEOGRAPHIC PROXIMITY WITH THE EXISTING INTERNATIONAL FINANCIAL AND OTHER DEVELOPMENT INSTITUTIONS IF IFAD IS TO BENEFIT FROM "SHARING" THE TECHNICAL, TRANSLATING AND OTHER SUPPORT STAFF OF THESE INSTITUTIONS. WITH REGARD TO THE PRESIDENT, THIS PRINCIPLE IMPLIES THAT THE SUCCESSFUL CANDIDATE MUST BE A MAN RECOGNIZED BY ALL PARTICIPANTS AS OF SUPERIOR COMPETENCE AND STATURE.

3. THE SECOND PRINCIPLE IS THAT THERE MUST BE AN EQUITABLE BALANCE BETWEEN THE INTERESTS OF TWO MAJOR DONOR GROUPS - OECD AND OPEC. THIS IMPLIES THAT THE PRESIDENT WILL COME FROM ONE DONOR GROUP AND THE VICE-PRESIDENT FROM THE OTHER AND THAT NEITHER DONOR GROUP WILL OBTAIN BOTH THE PRESIDENCY AND THE SITE. IN OUR VIEW, BOTH THE PRESIDENCY AND THE VICE-PRESIDENT, I.E. TOP MANAGEMENT, SHOULD COME FROM THE DONOR GROUPS RATHER THAN FROM CATEGORY III WHOSE MEMBERS WILL BE BORROWING FROM THE FUND. WE ALSO BELIEVE THE SITE SHOULD BE IN A DONOR COUNTRY.

4. EMBASSY SHOULD USE ABOVE GUIDANCE TO PRESENT OUR POSITION TO HOST GOVERNMENT OFFICIALS AND SOLICIT THEIR LIMITED OFFICIAL USE
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SUPPORT. YOU SHOULD NOTE THE IMPORTANCE WE ATTACH TO RESOLVING THESE ISSUES BEFORE IFAD IS FORMALLY ESTABLISHED AND INDICATE THAT WE WOULD NOT BE IN A POSITION TO RATIFY THE ARTICLES OF AGREEMENT UNTIL AN UNDERSTANDING AMONG THE MAJOR IFAD PARTICIPANTS WAS REACHED ON THE SITE AND PRESIDENCY ISSUES.

5. WE WOULD ALSO BE INTERESTED IN YOUR HOST GOVERNMENT'S

ASSESSMENT ON WHEN IT WILL BE IN A POSITION TO RATIFY THE ARTICLES OF AGREEMENT.

6. FOR OECD CAPITALS: AT THE RECENT IFAD PREPARATORY COMMISSION MEETING, THE OECD MEMBERS AGREED THEY SHOULD MEET IN THE DAC FORUM TO COORDINATE THEIR POSITIONS ON THESE AND OTHER ISSUES. IN OUR VIEW, IT IS IMPORTANT THAT SUCH A MEETING BE HELD SOMETIME BEFORE THE NEXT PREPCOM IN APRIL. EMBASSY SHOULD SEEK HOST GOVERNMENTS' VIEWS ON WHEN THEY THINK SUCH A MEETING WOULD BE MOST USEFULLY SCHEDULED.

7. FOR OPEC CAPITALS: EMBASSY SHOULD ALSO NOTE THAT

OECD COUNTRIES INTEND TO MEET SOON TO DEVELOP A COMMON
POSITION ON THESE ISSUES AND WE WOULD EXPECT THE OPEC
COUNTRIES TO DO THE SAME.

8. FOR TEHRAN: SEPTTEL PROVIDES ADDITIONAL GUIDANCE IN
RESPONDING TO NOTE FROM GOI.

9. FOR JIDDA: SAUDI CHARGE CALLED AT DEPARTMENT (ARP)
ON DECEMBER 2L TO SOLICIT SUPPORT FOR SHEIK SUDEARY AS
IFAD PRESIDENT. WE EXPLAINED USG VIEWS ON SITE AND

PRESIDENCY QUESTIONS AND PROMISED TO BRING SAUDI POSITION
TO ATTENTION OF DEPARTMENT OFFICIALS.

KISSINGER

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